

## **Physician-administered drugs: distribution and payment issues in the private sector**

**ISSUE:** Use of physician-administered drugs is increasing rapidly in both the public and private sector. Currently, little is known about the way these drugs are purchased, distributed, and paid for in the private market. The question is whether an understanding of the methods used by private payers can help policy makers identify alternatives to the current Medicare payment system for Part B drugs.

**KEY POINTS:** MedPAC commissioned members of a research team from NORC at the University of Chicago and Georgetown University to conduct a series of structured interviews to examine the ways in which physician-administered drugs are purchased, distributed, and paid for in the private market. Interviews were held with relevant stakeholders including physicians, manufacturers, wholesalers, and representatives from group purchasing organizations, insurers, pharmacy benefit managers, and specialty pharmacies. Interviews focused on the traditional distribution system and innovations in acquisition practices. The project placed particular emphasis on issues related to chemotherapy. The goal was both to understand the way the traditional and new distribution systems work and to learn about the advantages and disadvantages of various distribution and payment systems from the perspective of the different stakeholders.

**ACTION:** Staff would appreciate feedback from the Commission on this work. The results of this analysis will be included in a chapter in the June 2003 report.

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